

## Message Text

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ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 /026 R

DRAFTED BY EB/ORF/ICD/ISM:WLENAHAN  
APPROVED BY EB:JLKATZ  
EB/ORF:SWBOSWORTH  
EB/ORF/ICD:EAWENDT  
EB/ISM:RMOGDEN  
S/S-O:SRPVALERGA

-----056876 101350Z /64

R 092258Z MAY 78  
FM SECSTATE WASHDC  
TO AMEMBASSY LA PAZ

C O N F I D E N T I A L STATE 118204

EXDIS: FOR AMBASSADOR BOEKER FROM ASSISTANT SECRETARY KATZ

E.O. 11652: N/A

TAGS: EGEN, BL, ITC

SUBJECT: GSA TIN SALES

REF: LA PAZ 3246

1. THERE IS LITTLE THAT CAN CURRENTLY BE SAID ABOUT CON-  
GRESSIONAL INTENTIONS ON GSA TIN SALES THAT WOULD NOT BE  
SPECULATIVE. HERewith, HOWEVER, IS A RUN-DOWN ON OUR UNDER-  
STANDING OF THE CURRENT STATE OF ACTION ON DISPOSALS IN  
THE CONGRESS.

2. SENATOR HART'S ARMED SERVICES SUBCOMMITTEE ON MILITARY  
CONSTRUCTION AND STOCKPILES HAS APPROVED A STOCKPILE POLICY  
BILL THAT INCLUDES INTER ALIA PROVISIONS WHICH ESTABLISH  
A STOCKPILE TRANSACTIONS ACCOUNT FOR DISPOSALS AND ACQUISI-  
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TIONS (THE SO-CALLED REVOLVING FUND), ENCOURAGE GREATER  
USE OF EXISTING BARTER AUTHORITY, AND REQUIRE CONGRESSIONAL  
AUTHORIZATION FOR STOCKPILE ACQUISITIONS. THAT BILL HAS  
NOT YET BEEN CONSIDERED BY THE FULL ARMED SERVICES COMMITTEE  
WHICH, GIVEN ITS PREOCCUPATION WITH THE DOD BUDGET, IS  
UNLIKELY TO ACT ON IT PRIOR TO JUNE 1. PRESUMING ARMED  
SERVICES APPROVAL, THE POLICY BILL WOULD BE VOTED ON BY

THE SENATE SOMETIME THIS SUMMER. SINCE THERE IS NO EVIDENT OPPOSITION TO THE POLICY BILL, THE SENATE IS LIKELY TO APPROVE IT.

3. SENATOR HART'S SUBCOMMITTEE HAS CONSOLIDATED ALL INDIVIDUAL BILLS FOR DISPOSAL OR ACQUISITION OF SPECIFIC COMMODITIES INTO ONE ALL-INCLUSIVE COMMODITY BILL. THE SUBCOMMITTEE BEGAN CONSIDERATION OF THIS BILL ON APRIL 6 BUT DID NOT COMPLETE MARK-UP. WE UNDERSTAND THE SUBCOMMITTEE WILL NOT MEET AGAIN UNTIL DIFFERENCES AMONG SUBCOMMITTEE MEMBERS ON THE AMOUNT AND TIMING OF SILVER, DIAMOND, AND TIN DISPOSALS AND ACQUISITION OF COPPER AND OTHER COMMODITIES ARE RESOLVED. THE ODDS ARE THAT THEY WILL NOT BE RESOLVED BEFORE JUNE, IF THEN.

4. ON THE HOUSE SIDE, CONGRESSMAN BENNETT CONTINUES TO MAINTAIN THAT HIS SUBCOMMITTEE ON NAVAL SEAPOWER AND STRATEGIC AND CRITICAL MATERIALS WILL NOT CONSIDER DISPOSAL OR ACQUISITION LEGISLATION UNTIL THE POLICY BILL IS ENACTED. SINCE THE POLICY BILL HAS ALREADY BEEN APPROVED BY THE HOUSE, ONLY SENATE APPROVAL IS NECESSARY BUT, AS NOTED ABOVE, SENATE ACTION IS UNLIKELY BEFORE JUNE.

5. ACCORDING TO SOURCES ON BENNETT'S SUBCOMMITTEE, BENNETT WILL PROBABLY GO ALONG WITH SENATOR HART'S CONCEPT OF A CONFIDENTIAL

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COMBINED COMMODITY BILL AND WILL PROBABLY WANT TO WAIT UNTIL HART COMPLETES MARK-UP OF THE SENATE COMMODITY BILL BEFORE BEGINNING HEARINGS IN HIS SUBCOMMITTEE.

6. FROM THE ABOVE, IT WOULD APPEAR THAT CONGRESSIONAL AUTHORIZATION FOR TIN AND OTHER COMMODITY DISPOSALS WILL NOT BE FORTHCOMING UNTIL SOMETIME THIS SUMMER. HAVING SAID THAT, I MUST CAUTION THAT WE HAVE LEARNED THAT THE STEEL AND COPPER INDUSTRIES WILL PROBABLY ATTEMPT TO TACK THE DOMENICI BILL (A 30,000 TON TIN DISPOSAL TIED TO A 250,000 TON COPPER ACQUISITION) ON TO THE HART POLICY BILL OR THE ADMINISTRATION'S TIN CONTRIBUTION BILL, WHICHEVER FIRST REACHES THE FLOOR OF THE HOUSE OR SENATE. AS YOU WILL RECALL, THE DOMENICI BILL LOST BY A VERY NARROW MARGIN (47 AGAINST, 44 FOR) WHEN IT WAS VOTED ON IN THE SENATE IN DECEMBER. GIVEN THE CONTINUING CONCERN IN THE CONGRESS FOR THE PLIGHT OF THE DOMESTIC COPPER INDUSTRY, IT IS POSSIBLE THAT THE DOMENICI BILL COULD OBTAIN CONGRESSIONAL APPROVAL, ESPECIALLY IF IT IS TACKED ON TO AN OTHERWISE UNCONTROVERSIAL BILL.

7. AS REGARDS THE TIN CONTRIBUTION BILL (H.R. 9486,

S. 2181), AT THE REQUEST OF SENATOR HART THE ADMINISTRATION HAS SUBMITTED TO CONGRESS AN AMENDMENT TO THE STATE DEPARTMENT AUTHORIZATION BILL AUTHORIZING TO THE PRESIDENT UP TO

60 MILLION DOLS TO ACQUIRE TIN YO CONTRIBUTE TO THE ITC. THE HOUSE INTERNATIONAL RE-ATIONS COMMITTEE APPROVED THE AMENDMENT ON MAY 4 AND THE SENATE FOREIGN RELATIONS COMMITTEE IS EXPECTED TO ACT ON THE AMENDMENT ON MAY 9. THE AMENDMENT IS NOT A SUBSTITUTE FOR THE TIN CONTRIBUTION BILL, WHICH THE ADMINISTRATION WILL CONTINUE TO PURSUE. IT MERELY PROVIDES FUNDS TO BUY THE TIN FROM GSA ONCE THE TIN CONTRIBUTION BILL IS APPROVED BY CONGRESS.

8. I AGREE WITH THE APPROACH YOU SUGGEST FOR EXPLAINING  
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OUR POSITION TO THE BOLIVIANS, EXCEPT THAT I DO NOT BELIEVE IT WOULD BE PRUDENT AT THIS TIME TO SUGGEST TO THE BOLIVIANS THAT WE MIGHT CONSIDER POSTPONEMENT OF DISPOSALS UNTIL 1979--EVEN THOUGH AS THINGS LOOK NOW THIS IS A POSSIBLE OUTCOME.

9. YOU ARE CORRECT THAT WE CANNOT ANNOUNCE A SALES PROGRAM UNTIL CONGRESS AUTHORIZES DISPOSALS.

10. I WOULD HOPE THAT SINCE TIN PRICES HAVE BEEN IN THE RANGE OF 5 DOLS PER POUND THE LAST THREE WEEKS AND ROSE TO 5 DOLS AND 25 CENTS MAY 8, THE BOLIVIANS WOULD TAKE A SOMEWHAT MORE RESTRAINED VIEW ON THE DISPOSAL ISSUE. VANCE

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## Message Attributes

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